



HANYANG UNIVERSITY

Hanyang International Summer School

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Course Information	Class No.	18027	Course Code	ISS1169	Credits	3
	Course Name	Behavioral Insights for International Business				
	Lecture Schedule	Tue-Fri / 09:00 – 12:00				
	Course Description	<p>In the globalized business environment, understanding the complexities of international markets is essential. This course delves deeply into the intriguing realm of behavioral economics, providing students with a unique perspective on decision-making in international business.</p> <p>Traditional economic theories, such as the expected utility hypothesis and the efficient market hypothesis, are often at odds with the behavior of market participants in practice. While the market participants do indeed strive toward rational decision-making, they are also human beings with susceptibility to psychological and behavioral biases. As a result, behavioral economic theories that consider these psychological tendencies have garnered significant interest in recent years.</p> <p>In line with these emerging trends, this course is designed to provide students with a comprehensive understanding of behavioral economics and to equip them with practical insights on how cognitive biases influence decision-making in the international business context.</p>				
	Course Objective	<p>Upon successful completion of the course, students should be able to:</p> <ol style="list-style-type: none"> 1. Explain the limits of rational decision-making, particularly the expected utility theory, as a theoretical framework. 2. Command broad understanding of alternative behavioral economic theories such as prospect theory. 3. Understand the importance of efficient market hypothesis and its implications for various pricing issues. 4. Discuss the limits and relevance of efficient market hypothesis with a particular focus to various market anomalies observed in practice, and whether such anomalies necessitate the use of behavioral model framework. 				

		5. Understand how standard models and behavioral economic models work differently in heterogeneous international business environments.		
	Prerequisite	- None.		
	Materials/Textbooks	Lecture slides, academic research papers, and case studies will be provided.		
Evaluation	Attendance	10 %	Quiz	%
	Assignment	%	Mid-term Exam	20 %
	Presentation	%	Final Exam	20 %
	Group Project	50 %	Participation	%
	Etc.	Evaluation Item		Ratio
				%
				%
Daily Lecture Plan	Week 1	Day 1	Entrance ceremony	
		Day 2	Introduction to Behavioral Economics Recap on Standard Economic Assumptions	
		Day 3	Values, Preferences and Choices	
		Day 4	Beliefs, Heuristics and Biases	
	Week 2	Day 1	1 st group project: What are the examples of behavioral anomalies that you encounter personally in your daily life? Discussion on Behavioral Biases	
		Day 2	Decision-making under Uncertainty	
		Day 3	Prospect Theory and Mental Accounting	
		Day 4	Mid-term exam	
	Week 3	Day 1	Introduction to Behavioral Finance	
		Day 2	Introductory Finance	
		Day 3	Efficient Market Hypothesis	
		Day 4	Empirical Evidence on Behavioral Finance	
	Week 4	Day 1	Limits to Arbitrage, Behavioral Corporate Finance	
		Day 2	2 nd group project: What are the examples of market anomalies that people observe in your home country's financial market? Discussion on Market Anomalies	
		Day 3	Final exam	
		Day 4	Graduation	